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MATERIAL SHORTAGES AND OTHER DIFFICULTIES
IN THURINGIAN INVESTMENT PROJECTS

Procurement of structural steel, wood, and cement offers the most serious difficulties. Because of these shortages, the target dates for certain investment projects could not be met. The Ministry for Economic Affairs repeatedly confirmed the existence of the bottlenecks and was apparently aware that the target dates could not be met. In the future, a more realistic approach with regard to target dates would be advisable.

Poor quality clay pipes have to be used in place of cast-iron pipes. Almost all projects use green wood. Cement, in particular, was in very short supply during the report month. No blast-furnace slag could be made available by the Marxhütte in Untervallensborn. The quota for individual cement producers was cut by 50 percent. No one can foresee the consequences of this action. The Marxhütte intends to ship its blast-furnace slag to GDR cement factories for the production of high-grade cement for export purposes.

Particularly important bottlenecks arose in the following projects: Wuenschendorf apartment project (50 new apartments), Wuenschendorf central school, Altenburg apartment project, Neustadt Lake Factory, living quarters for apprentices in Altenburg, VEMAG Machine-Building Plant in Altenburg, Knochen platt in Schmolln, Wuenscheneraserod Sewall, Ronneburg Land (or rural) clinic, and apprentice workshop of the VVB Leder (Federation of People-Owned Enterprises of the Leather Industry) in Weida.

In some building projects, the lowering of costs is constantly stressed. But this problem is neglected for many other projects. Transportation costs constitute an exorbitant percentage of building-material costs; for example:

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Wuenschendorf apartment project
 Greiz-Schoenfeld waterworks
 Mohladorf central school
 Wuenschendorf central school

Percent

45
 54.6
 26
 16

Price increases resulted from the following factors.

a. The inclusion of the DEZ (German Trade Center) [acting as a wholesaler] which charges an additional amount of [at least] 6 percent on building materials. For example, one square meter of light building board used to be 2.34 Deutsche marks. The inclusion of the DEZ raised the price to 2.91 Deutsche marks, an increase of 17 percent.

b. Shipments of structural steel is made in very small quantities as it becomes available. The available quantities must be picked up immediately, a fact which causes relatively high transportation charges, since, as a rule, the vehicles are not fully utilized.

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Pipes for heating and plumbing constitute the critical shortage for nearly all building projects. This shortage retards completion of some buildings.

Cement supply is another problem causing some delays. Although the Kreis construction office in Hildburghausen received a [paper] allocation of 90 tons for the third quarter of 1950, it did not receive any actual shipments.

Regarding the allocation of gypsum-slag cement, because of the rather unfavorable ratio of 1 : 3 in which it is used (as against 1 : 5 for Portland cement), a larger quantity is required. Since gypsum-slag cement is just as expensive as Portland cement, costs are increased. They are also increased because only absolutely clean gravel can be used for gypsum-slag cement.

Structural steel is another item in short supply. For one project, six truck trips were made before the shipment was finally ready.

The allocation of building lumber was also inadequate. The supply of round timber caused some difficulties because it had not been included in the original plans. Some of the wood allocated by the DEZ was not serviceable. Further difficulties are caused by the question of jurisdiction. The sonal enterprises do not fall under the Kreis construction-office jurisdiction; many supply complications arise from that factor.

Another problem in allocation is the determination of the relative importance of the various projects.

Transportation costs can be lowered only if the required materials are procured from the nearest source of supply. In one case, 200,000 bricks were shipped to Kreis Suhl by the Gerstungen Brickworks (which was overstocked), although the bricks could have been procured from brickworks in or near the Kreis.

Increases in transportation costs in Kreis Hildburghausen are largely the result of the dismantling of the narrow-gauge railroad. Rebuilding of this railroad is in the planning stage. The lack of this line causes 30-40 percent increase in transportation costs.

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No instances of illegal use of materials were found. Only insignificant allocations were made from the emergency pool of building materials (10 percent of the quota), which are available to the Kreis construction offices.

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Labor Shortages in Kreis Bad Salzungen

Kreis Bad Salzungen requires many workers, particularly expert construction workers. The potash industry with its higher wages (1.30-1.80 Deutsche marks for ordinary workers) attracts many workers from the building industry, because an ordinary construction worker receives an average of only 0.86 Deutsche marks an hour despite the often undesirable nature of the work. A maid in Bad Salzungen receives one Deutsche mark an hour! The fact that the SAGs (Soviet Corporations) have first call on the available construction workers causes additional labor-supply difficulties.

In addition, some investment projects are located in places which are incapable of handling them with the labor force available in the area.

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Only 275 tons of the requested 600 tons of cement were allocated. Of the 275 tons, only 105 tons are available for use, although a permit for the entire amount was granted by the ministry on 1 June 1950. Five telephone calls finally resulted in the issuance of the permit by the DEZ in Erfurt. Transportation difficulties will delay delivery another 3-4 weeks (total delay in delivery: 3 months).

The building industry encountered difficulties in producing hydraulic mortar. Also, orders for certain types of lumber were placed with enterprises which were not equipped to handle the requirements. The shortage of pit and scaffold timber increases construction costs by necessitating repeated assembling and dismantling of the available timber.

Allocation of heating equipment is practically nonexistent. Of a requested 10 tons of pipe, 200 kilograms were authorized. Shortages of lead pipe, cast pipe, and stoneware pipe make the completion of various investment projects questionable. The Nordhausen construction office received only 10 percent of its stated requirements of these items.

Compared with the requirements, the allocations for the fourth quarter 1950 contain only insignificant amounts of nails, sheet, materials for electrical installations, etc.

Sand is delivered without being prepared for use; the sifting, etc., causes additional expense.

Favorable transportation facilities are not always utilized. The DEZ in Erfurt cannot be convinced that it should change its distribution system. Brickworks in the town of Nordhausen ship their products to other Kreise, while users in the town receive their bricks from enterprises located in Kreis Nordhausen or other Kreise.

Handling of the supply problem is frequently unsystematic. A person connected with the Nordhausen construction office commented:

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"Materials are not received when needed; building can only be done when materials are available. Thus, any kind of construction planning is impossible. No real progress in investment building is possible without material reserves for at least 3 months."

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In general, material supply for Kreis Muehlhausen has been adequate, with the exception of one project, 30 new apartments in Muehlhausen where floor boards, nails and plumbing fixtures are lacking. As a result of the unavailability of floor board, the doors cannot be hung, painting cannot be done, and electrical wiring cannot be installed.

Material from Kreis Langensalza was diverted as a result of the weather disaster of 23 May 1950. Work is being resumed just as fast as materials can be procured.

Contrary to past experience, allocation and delivery of goods by the DEZ was, in general, adequate. Only in one case were the transportation costs unnecessarily high (100 Deutsche marks per 1,000 bricks, instead of 30-35 Deutsche marks), as a result of using inappropriate means of transportation.

The only instances where illegal use of materials was found were buildings which were started in 1949.

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During the last few months, the supply situation has improved. Cement supply for investment projects is adequate now. There are still some cases where the quantity allocated could not be delivered.

Supply of building lumber constitutes a serious bottleneck. Sufficient lumber should be available for investment projects. The procurement of iron girders is still very difficult.

The use of materials available nearest the project has been improved. Only Untervallenborn seems to violate this principle. For the building project there, bricks were brought in some distance, while local brickworks shipped their output by rail.

No instance was observed in this district where materials were set aside for use on illegal projects.

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